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## **BEE-llionnaires in Mbeki-stan**

**BEE debate shows nature of post-apartheid SA, and  
limits of 'left' critique**

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Retrieved on 2<sup>nd</sup> July 2021 from [lucienvanderwalt.com](http://lucienvanderwalt.com)  
Published in *Zabalaza: a journal of southern African  
revolutionary anarchism*, number 7.

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## AGAINST CAPITALISM

There has been a profound transformation of the SA economy. By 1999, the financial sector had grown to roughly 20% of the economy, but only employed 210,881 people – about 1% of the labour force. This has underpinned a rapid increase in non-productive economic activities – share trading, currency speculation, and financial services. At the same time, the Sunday Times reports that the number of families with more than \$30 million each, had increased four times from 150 in 1994 to 690 in 2003 – while 22 million live in poverty, with 6 million workers unemployed.

Both outcomes are a direct result of the neo-liberal and BEE policies of the ANC.

However, the major working class structures – the SACP, COSATU – remain wedded to the ANC; the poverty of their response to BEE shows the terrible limitations of a strategy of relying on the capitalist ANC for socialist results.

Fundamentally, the problem facing the working class movement in SA is a *political* problem – a problem of weak perspectives and confused thinking. This blind loyalty to the ANC generates a politics of worshipping every utterance of Mbeki while trying to “contest” the ANC from within – a futile task.

Until this is resolved, the working class will remain crippled in the face of the neo-liberal capitalist onslaught. At the end of the day, workers get the leaders they deserve – until ordinary workers reject this nonsense, they will remain voting fodder for the ANC capitalists and their BEE strategy

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of the ANC. BEE commentary from these quarters remains constrained by lifelong support for the ANC and the two-stage perspective. This translates into an attempt to maintain the Alliance with the ANC while giving BEE a more “left” spin.

In the *Financial Mail*, Zwelinzima Vavi of COSATU made the illogical claim that labour must contest the “middle class” to ensure “black entrepreneurs” do not align with the “capitalist class” – which boils down to the moralistic belief that Black capitalists can be nicer than White capitalists if workers appeal to their consciences.

In a stinging reply to such views, Saki Macazoma of the ANC NEC – who got his start in the state-owned Transnet, where he fired 15,000, and Wits University, where he fired another 615 – argued it makes no sense to expect “socialist outcomes” from “capitalist methods.”

In *Umsebenzi*, the SACP’s Jeremy Cronin admitted that changes in “the superficialities of pigmentation boardrooms” did not stop capitalist actions being shaped by the market, nor morality. But Cronin failed to define what “transformation” actually meant, or explain how it was linked to the SACP’s supposedly socialist programme. In effect, he said nothing at all.

More recently, Archbishop Desmond Tutu’s Nelson Mandela Lecture described BEE as elitist, attracting a vicious reply from Mbeki. Mbeki could not deny the point, and so his focus was on Tutu’s personal credentials.

Predictably, Blade Nzimande, the centrist SACP boss, has tried to smooth over the cracks raised by such exchanges, speaking of a “BEE debate convergence” but carefully defined the enemy as the “white capitalist class,” neatly sidestepping how the SACP’s struggle against “the capitalist system itself” would impact on Black, ANC, capitalists.

## RIGHT, LEFT, RIGHT

BEE is fundamentally about creating an elite of Black capitalists. It is no accident that these policies enrich a few individuals whilst leaving ordinary Blacks poor – that is the whole point. It does no good to pretend that BEE could be something else.

If the ANC were even a mildly reformist party of the working class, it would try and redistribute wealth and power downwards, to the popular classes. But because the ANC is a capitalist party, it focuses on promoting capitalism “as never before,” with particular emphasis on creating the “fresh fields” for the “non-European bourgeois.” Sometimes this clashes with ANC neo-liberalism, leading to policy contradictions

The class agenda has been stressed by Mbeki, whose famous speech to the Black business body, NAFCOC, called on Black capitalists to enrich themselves while “empowering” local communities. Peter Mokaba, then head of the ANC Youth League, was equally clear in an internal ANC paper in 1998 that the ANC is a “*national liberation movement and not a socialist organisation*,” and its goal was never to “*destroy the capitalist class and establish socialism*”. Rather it is to create a “*vibrant and democratic, prosperous and non-racial capitalism*.”

Mokaba, like all other senior ANC leaders, is now a prominent “national” businessman. The most prominent example is, of course, Cyril Ramaphosa, with a market influence of R137 billion, but he is hardly alone. As Smuts Nkonyama – spokesperson for Mbeki – said recently of his role in Genesis Telecom, “I did not struggle to be poor.”

## AT THE PARTY

The Communist Party, and most COSATU leaders, have remained blind to what this says about the class agenda

Recent debates in the press around the issue of “Black Economic Empowerment,” or BEE, bring key features of the post-apartheid dispensation into stark relief. They also show the limits of much of what is considered to be “progressive” or left-wing politics in South Africa. BEE is about creating an elite of Black capitalists, something that underlines the class agenda of the ANC.

In the 1980s, the more radical layers of the anti-apartheid movement within South Africa believed that capitalism and apartheid were joined at the hip. Apartheid policies provided capitalism with a cheap, unfree, and racially structured working class; the capitalist profits that resulted, funded the development of a powerful and militarised local State. Many therefore thought that capitalism could not survive the abolition of apartheid.

## APARTHEID AND CAPITALISM

This view was too simplistic. Apartheid policies benefited low-wage and low-skill sectors like mining and farming, but they were not useful for advanced sections of the manufacturing sector that grew dramatically from the 1940s onwards. By 1995, mining was only 10% of overall economic activity, with agriculture at 4,5%; manufacturing was nearly 40% of the whole economy.

Large manufacturing companies that relied on sophisticated machinery designed for mass production situations were constrained by the small local market and the under-skilled workforce. International pressures limited their ability to expand through exports. This meant a significant section of local capitalists *were* interested in a post-apartheid – and neoliberal – dispensation. Low wages would be guaranteed through the free market, rather than the heavy hand of the State. This type of view was expressed in books like *The Assault on Free Enterprise*:

*the Freeway to Communism*, by A. D. Wassenaar, head of SAN-LAM.

## **“FRESH FIELDS FOR NON-EUROPEAN BOURGEOIS”**

This shift converged with the pro-capitalist policies of the main national liberation movements. The ANC’s Freedom Charter of 1955 called for the nationalisation of major industries, but within a capitalist framework. Mandela made it clear in 1956 in *Liberator* the Charter aimed at opening up “*fresh fields for the development of a prosperous non-European bourgeois class*” that will for the “*first time... have the opportunity to own in their own name and right, mines and factories, and trade and private enterprise will boom and flourish as never before.*”

It should be stressed that this statement was issued at the very same time as the ANC was forming an underground alliance with the SA Communist Party. The SACP did not object, as its strategic position stressed the need for a two-stage revolution in which a stage of “national democracy,” non-racial capitalism with a “non-European bourgeois class” must precede any socialist transformation. On the need for a “national democratic stage,” the ANC agreed – although it has no interest in a second stage.

The two-stage strategy is common enough amongst Communist Parties in the so-called “Third World,” and generally involved postponing the struggle against capitalism in favour of a struggle for “national” capitalism against a vague “imperialism” by multi-class nationalist parties. Generally it has been a disaster, leading the left to drop its own politics. In some cases, the left has paid in blood for this mistake.

The ANC’s position was no passing viewpoint: as Oliver Tambo said in 1985:

*The Freedom Charter does not even purport to want to destroy the capitalist system. All that the Freedom Charter does is to envisage a mixed economy in which part of the economy, some of the industries would be controlled, owned by the state (as happens in many countries), and the rest by private ownership- a mixed economy.*

Today the ANC has even dropped the “mixed economy,” for neo-liberal “free markets.”

## **TO BEE OR NOT TO BEE**

The negotiations of the 1990s finally opened the “fresh fields” through BEE policies. For example:

- The Employment Equity Act requires all companies to promote people of colour into top positions. Other Acts and “charters” stipulate companies must have BEE plans.
- In the 1950s, nationalisation was seen as the route to BEE. In the 1990s, privatisation assumes that role. State corporations subcontract operations to small BEE companies – TELKOM claimed over 500 such contractors in 2004.
- The National Empowerment Fund Trust is a State structure that receives up to 20% of shares of State companies being privatised. These are either sold to BEE ventures at a discount, or sold to raise venture capital for BEE.
- The Industrial Development Corporation provides loans, advice and other support to emerging businesses – if they have a BEE component.